



SAMPLE

ARIZONA DEPARTMENT OF INSURANCE
Market Oversight Division
Examinations Section

JANET NAPOLITANO
Governor

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<http://www.id.state.az.us>

CHARLES R. COHEN
Director Of Insurance

(Date)

BY FACSIMILE AND CERTIFIED MAIL

Bill Smith, CEO
ABC Life Insurance Company
123 Elm Street, 12th Floor
Anywhere, USA 12345

RE: **Market Conduct Examination Call Letter:
ABC Life Insurance Company NAIC # 12345**

Dear Mr. Smith:

This letter serves to introduce the following Market Conduct Examiners who will be conducting a Market Conduct Examination of the above referenced company:

_____, Examiner in Charge
_____, Senior Examiner

Beginning on or after _____, these Examiners will be conducting an on-site market conduct examination of The ABC Life Insurance Company on behalf of the Arizona Department of Insurance ("the Department"). The on-site date may be delayed and the on-site examination time may be decreased if requested materials are provided to the Examiners for review off-site.

The examination will review the Company's _____ operations in the State of Arizona. The review time period is _____ through _____. The focus of the examination will include marketing, underwriting, complaints, and claims. However, the Examiners are not limited to the foregoing and may review any other concerns falling within the jurisdiction of the Department.

Promptly upon receipt of this letter, please provide me, in writing or by e-mail (dknight@id.state.az.us), the name and telephone number of the Company's Examination Contact Person and the Information Systems Contact Person with whom _____ should coordinate his examination activities.

_____ will provide the Examination and Information Systems contact persons with detailed examination requests as soon as these Contact Persons are identified. _____ will arrange several pre-examination conferences with the Company's representatives to facilitate the examination process. These conferences will be held telephonically. Also, _____ will arrange for an "entrance" meeting once he arrives on-site.

As you may know, Arizona law authorizes the Department to utilize contractor examiners to perform Market Conduct examinations. The following is a brief explanation of the invoicing you can expect:

In accordance with A.R.S. §20-159, your Company will receive weekly invoices for the hourly fees incurred by each Examiner. While in travel status, _____'s hourly rate is \$_____ and _____'s hourly rate is \$_____. In addition, the weekly invoices you receive from the Department include a charge to cover the cost of unallocated administrative activity arising out of the examination. This charge, presently 30% of examiner fees, is subject to increase or decrease based on the prevailing costs of administrative activities.

In addition to fees, Examiners are entitled to be reimbursed for a lodging, meal and incidentals per Diem, and travel expenses pursuant to their state contract. In Anywhere, USA as adopted by the Department, the lodging rate is \$_____ per day, and meals and incidentals are \$_____ per day. Other charges that may appear on your invoice include airfare and car rental.

If you have any questions concerning examination expenses or invoices, please do not hesitate to contact me. Also, you can visit the Department's website for information regarding examination billing and invoicing at <http://www.state.az.us/id>.

According to our records, weekly invoices for the Company should be sent to ABC Insurance Company, Attn: Ms. Minnie Smith, Esquire, 123 Anywhere, 12th Floor, Anywhere, USA 12345. If our records should reflect another individual or location, please notify us by writing or e-mailing me.

The Examiners will be completing a "Criticism Sheet" on those files which they believe evidence violations of Arizona law. **Please make every effort to return the Criticisms to the Examiners promptly.** Your cooperation in this matter will help to reduce the cost and improve the efficiency of the Examination. Also, there is the possibility that criticisms may be withdrawn due to new information provided by the Company. Please understand that the Criticism Sheets may be used as evidence by the Department in

any disciplinary action against the insurer if it should be determined by the Department that disciplinary action is necessary.

If at any point during the examination process you have questions or comments, feel free to call me at (602) 912-8442.

Sincerely,

Delbert L. Knight, FLMI, AIE
Market Examinations Supervisor

cc: _____

Cyndi Mayfield
exam file